

## guest editor

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# Different streams in cruise tourism research: An introduction



It is almost fifty years since cruise lines were established for the sole purpose of cruises purely for leisure; previously passenger vessels were used primarily as a means of transportation. Princess Cruise, which began in 1965, is the only company from those early days that is still operating – Cunard, P&O Cruises, and Holland America Line at that time were still focused on transatlantic travel. Since then we have seen the birth of today's three major cruise corporations: Norwegian Cruise Line, which began in 1966 as Norwegian Caribbean Line (NCL); Royal Caribbean Cruise Line (RCCL), which started in 1970 as the first cruise line to introduce new, purpose-built ships for leisure cruising; and Carnival Cruise Lines which started in 1973 after its founder, Ted Arison, had a falling out with his partner in NCL, Knut Kloster (Klein, 2005a). Carnival, like most cruise lines of the day adapted existing ocean-going vessels.

Despite its early beginnings, it was not until the 1990s that cruise tourism captured the interest of a few academic researchers. It was not until the early-to-mid 2000s that more than a handful of researchers focused on cruise tourism. Even today, the field is relatively under-researched. There is also the issue of the nature of this research. As Vogel (2011) observes, much of the research that is done is either technical or practical in nature; there is very little research that is emancipatory in nature or a critical analysis of cruise tourism. Technical-oriented research focuses on marketing, human resources and education, strategy and policy, and economic and statistics. Research with a practical interest searches for meaning and understanding, focusing on the means of achieving performative ends, such as improving customer loyalty. This type of research is mainly concerned with informing the cruise industry about how it can more effectively meet passenger wants and needs and how it can improve its product. Research that is technical-oriented and practical tends to view the industry favorably and the research supports the interests and the goals of the cruise industry. In contrast, emancipatory research critically analyses the cruise industry with a view toward understanding exploitative relationships with labor and ports, and problems such as lack of regard for the environment and inattentiveness to sexual assaults and other crime on cruise ships.

The articles contained in this special issue reflect the dominance in the literature and interest of academic researchers by being technical-oriented and practical. The emancipatory theme is included in this brief introduction to the issue.

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## Homeport or port of call

The first article in this volume, “The Dynamics of Port Development: Modeling Knowledge Transfer and Stakeholder Involvement”, discusses the case of Newcastle, Australia. It presents the struggle between being a port of call versus a homeport from which cruises embark and disembark. Being a homeport clearly has greater economic benefit given much higher rates of passenger spending (especially when they have an overnight stay before and/or after a cruise) and spending by the cruise ship as it bunkers supplies and fuel. However, a decision about making a destination a homeport has other considerations on the part of a cruise line, such as whether it is economically favorable. One consideration is whether there is sufficient transportation infrastructure to allow passengers ready access to the port. This has certainly been a consideration as ports in the U.S. developed when “drive-to” cruising emerged following the 9-11 2001 attacks. The cruise industry worked to reduce its dependence on air travel; consequently, there was serious consideration to the number of potential passengers within a short driving distance as decisions were made about where to locate homeports. As a result, some wannabe ports were winners because of their geographic location; others were not.

A more critical issue brought into focus by Johnson and Lyons’ article is the competing interests within the port community when a port works to develop cruise tourism. Some segments of the community are bigger winners than others (which impacts internal politics and dynamics); there are some segments that are losers. It is relevant to consider, when looking at cruise tourism, these competing interests and to measure how benefits accrue differently with different interest groups. In other words, when measuring benefits, it is necessary to consider from whose perspective the measure is made. This issue is clearly articulated by Klein (2011) when he distinguishes between the perspectives used to measure sustainable tourism, which most frequently views sustainability from a business perspective versus a measure based on responsible tourism that views sustainability from the perspective of those who host tourists. The perception and measures of benefits and costs vary with social and political location.

The second article, entitled “The Perceptions Of An Island Community Towards Cruise Tourism: A Factor Analysis,” also looks at different interests in a community about cruise tourism. While many in the community saw as positives the economic impacts - residents overall had a positive perception towards cruise tourism development with regard to an improvement in the economic and cultural activities; however others expressed moderate concern about the negative impact that cruise tourism may exert on their wellbeing, increased congestion, criminality, and the environment, particularly pollution, waste and congestion in recreational areas.

It is significant that respondents identified environmental concerns as a major issue – something that is often overlooked when communities and ports attempt to grow cruise tourism. The fact is that cruise ships present significant environmental issues, from the discharge of liquid waste such as sewage, sewage sludge and grey water to solid waste, air emissions from fuel and incinerators, and oily bilge water (see Klein, 2009). Regulations related to environmental threats vary widely from one location to another. What is allowed in the Mediterranean may be quite different than what is allowed in the North Sea, the Caribbean or Australia and New Zealand. Even in the United States, there is great variation from one state to the next such that the coastal waters of some states (e.g., Alaska, Washington, California) enjoy greater protection than other states (e.g., Oregon, Florida, the eastern seaboard). There is a serious

need for the patchwork of varying regulations to be harmonized to the highest common denominator in order to protect the marine environment and the health of people living in port cities visited by cruise ships.

A related issue is the problem of people pollution – when the number of cruise passengers exceeds the carrying capacity of a port city (Klein, 2010). This is seen in many cruise ports: Skagway, Alaska, a town of less than 1,000 year round residents can see as many 10,000 cruise passengers in a day; the city of Cozumel has seen more than 40,000 cruise passengers in a day; and the many ports in the Caribbean that are overrun with cruise passengers, some to the point that land-based visitors are displaced by the congestion brought by cruise passengers. It is notable that two ports – Key West, Florida and St. Thomas, U.S. Virgin Islands – were both labeled as “getting ugly” by National Geographic Traveler’s 2004 Destination Scorecard because of out of control growth of cruise tourism (Klein, 2005a, pp. 74-75). In the case of Key West, hoteliers were finding a significant drop in occupancy because traditional land-based tourists were being driven away by the volume of cruise passengers.

## Exporting North American style cruise tourism

The third article, “The Adaptation Strategies of the Cruise Lines to the Chinese Tourists,” gives insight into the expectations and style of cruise travel of Chinese tourists. It also identifies the need for the cruise industry, which has generally developed in line with North American tastes and preferences, to retool its business model. It is not just a matter that cruise lines are deploying their older ships to the Chinese market, but that the North American model’s heavy reliance on onboard revenue may not work with Chinese tourists. There are also significant cultural differences between Chinese cruise passengers and those from Europe and North America.

As cruise ships grew in size, they increasingly became more like a land-based resort/amusement park and less akin to the traditional image of cruising. Part of this change is because larger ships could be built and the size made it possible for the cruise ship to be the destination. Contrary to most consumer products where innovations and change are driven by consumer demand, the cruise industry appears to build new, larger ships because they can and they then create consumer demand through advertising and price manipulation, bringing prices to the point where they can fill their ships (Kollwitz & Pappathassis, 2011). Once people are on the ship, they then focus on onboard revenue.

In addition, these larger ships allow for huge economies of scale and they increasingly rely on onboard revenue to maintain profitability. Some activities may be provided without cost, but many have fees that quickly add up for both the passenger and the cruise ship’s bottom line. A new ship is likely to have extra-tariff restaurants, a rock climbing wall, ice skating rink, golf simulator, virtual reality and video games, different enrichment classes, casino, art auctions, full agenda of entertainment and much more. It will also have shopping – lots of shopping. Royal Caribbean’s Voyager class ships have a four-storey-tall shopping mall (the “Royal Promenade”) deep in the bowels, running a considerable length of the ship. One writer says of the range of activity and shopping options on *Voyager of the Seas*: “The idea is to grab a larger slice of the vacation market by offering so many things to do and places to explore onboard – so that even people who don’t particularly care for sea cruises may want to go because the experience may not seem like they’re on a ship” (Blake, 2003).

Onboard revenue has become huge. In 2006 the Big Three cruise operators had combined net revenue of \$ 3.5 billion from onboard revenue (e.g., bars, casinos, shops, extra tariff restaurants, and a range of activities). In 2006, that translated into a profit of \$ 43 per passenger per day (more profit than generated from ticket sales) and constitutes 24 percent of the total net revenue for all cruise companies combined; the percentage is significantly higher for the large U.S.-based mass market cruise lines (Cramer, 2006). This perspective is reflected in what one speaker said at the industry's annual trade show in Miami, Seatrade Cruise Shipping Convention: "Never give away something you can charge for, as long as you can provide a really good experience. Consumers are willing to pay for a quality experience" (Seatrade Insider, 2007).

Another major source of onboard revenue is derived from onshore activities, particularly shore excursions and port shopping programs. Shore excursions – land-based tours sold by the cruise ship – accounted for 30 percent (\$ 100 million) of Royal Caribbean International's 2002/2003 profit of \$ 351 million. A typical Royal Caribbean ship generated close to half a million dollars in tour income with a single call at St. Petersburg, Russia (Peisley, 2003, p. 5). Income from shore excursions, like other sources, has continued to increase.

Shore excursions are convenient for passengers (between 50 percent and 80 percent buy an excursion in each port) and provide solid revenue to the cruise line in the form of sales commissions. In some locales as little as 10 percent of the amount collected for a shore excursion is paid to the person that actually provides the tour; in others it is more commonly a 50/50 split. At the extreme, a shore excursion costing a passenger US\$ 99 may yield the in-port provider just \$ 10 (CMC, 2007). This leaves the shore excursion provider in the uncomfortable position of being paid \$ 10 for a product that passengers expect to be worth \$ 99. If passengers are disappointed, they blame the port, not the cruise ship (Klein, 2008).

As already stated, this North American model does not work for Chinese tourists. It will be interesting to watch as cruise tourism directed at Chinese passengers matures and to see how the industry will generate profits.

## Expedition and niche cruise tourism

The next two papers focus on cruise tourism to remote and nontraditional destinations. The paper by Maher, entitled "Expedition cruise visits to protected areas in the Canadian Arctic: Issues of sustainability and change for an emerging market", looks at the development and challenges of cruise tourism in the Canadian Arctic with visits to remote Inuit villages. Though the ships normally accommodate 100 passengers or less, they still pose issues with regard to congestion and pollution, as well as difficulty for local communities when serving as hosts. The article gives a good picture of expedition cruise ships (a niche in the larger cruise market that is often forgotten), as well as to the challenges faced by cruise tourism and by local communities in planning and executing itineraries to remote locations: itineraries are always subject to change because of weather and ice conditions, meaning that cruise destinations live with the uncertainty that a cruise ship scheduled to visit may not stop and that a cruise ship not scheduled may pay a visit.

The paper by Hull, entitled “Customer orientation of cruise destinations in Newfoundland and Labrador, Canada – exploring key issues for ports and the cruise lines,” focuses on cruise tourism to Newfoundland and Labrador. Newfoundland is an island in the North Atlantic with a population of less than 500,000, most of whom live on the eastern-most area called the Avalon Peninsula. Settlements on the island date back to the 1500s and 1600s, almost exclusively along the coast and relying on the fishery for their livelihood. As the cod fishery collapsed in the 1990s, communities began looking at tourism as a means for generating income and considerable investment was directed at building infrastructure for cruise ships to stop in the many villages that ring the island. Cruise tourism has grown slowly.

Hull’s paper is most useful in that it describes a Port Readiness Program designed to prepare ports for developing cruise tourism and welcoming cruise ships. It is an interesting program that could be adapted in other locations. However, the article is written from the perspective of what the cruise industry wants and does not focus enough on whether the expectations of ports are realistic, nor does it consider the costs (infrastructure and other expenses) to local communities of hosting cruise ships. The point is lost that the cruise industry generates huge profits – according to its 2011 Annual Report, Carnival Corporation alone earned net income (profit) of between \$ 1.79 billion and \$ 2.32 billion each of the past four years (2008 – 2011), and they paid virtually no corporate income tax. Yet, local ports spend considerable amounts of money to make themselves accessible and attractive, thereby subsidizing an exceedingly profitable industry that has relatively limited economic impact on the ports it visits. This side of cruise tourism is missing in Hull’s paper, and is missing from the viewpoint of many researchers and most ports.

This makes ports vulnerable to being taken advantage of. As discussed by Klein (2005b), ports often compete with one another for the same cruise ships. They undercut each other and reduce their economic bottom line, which benefits the cruise operators but reduces or eliminates the economic value of a port call by a cruise ship. There are cruise terminals in British Columbia that have cost tens of millions of dollars to build, but remain idle because they were built with the assumption that “if you build them they will come.” In some cases the ports were encouraged by the cruise industry. Now that the cruise terminals are built, take Campbell River for example, the port is on the hook for the debt incurred and all they can do is watch the cruise ships they wanted to attract sail by (Klein, 2008). This same scenario is playing out elsewhere, including Newfoundland where dozens of ports compete for the same finite and limited number of cruise ships.

## The pros and cons of cabotage laws

The final paper, “Liberalization assessment: The Greek cruise market,” by Stefanidaki and Lekakou, focuses on the dismantling in Greece and in the European Union of cabotage laws. The article provides an interesting picture of perceptions of the impact of these changes. Unfortunately, it does not acknowledge the unrest in Greek ports, especially the loss of employment on Greek-flagged ships by Greek officers and crewmembers. It again focuses on the viewpoint of those who are part of the cruise industry and who directly benefit from cruise tourism, leaving aside the view of the workers who became unemployed as a result of the liberalization process. Regardless, the article provides insights into the liberalization process and how it is viewed by pro- cruise industry stakeholders.

The issue of cabotage laws remains a critical issue in North America; the cruise industry would like to see these restrictions removed. In the U.S. they were put into place through the Passenger Vessel Service Act of 1886. The Act was originally passed to protect US companies from competition by Canadian ferries that shuttled among resorts on the Great Lakes. While key provisions of the Passenger Vessel Services Act (PVSA) have changed over time, its core statement has not: “No foreign vessel shall transport passengers between ports or places in the United States, either directly or by way of a foreign port, under penalty of \$ 2 for each passenger so transported and landed” (Klein, 2005a, p. 53) The penalties increased to \$ 200 in 1898 and to \$ 300 in 2003.

Several provisions have become more clearly defined. In 1910, the U.S. Attorney General issued a legal opinion that allowed an around-the-world cruise to embark passengers in New York and disembark them in San Francisco. In 1968, the Customs and Border Patrol introduced a distant port exception, which allowed a foreign flag cruise ship to transport passengers between two US ports as long as a call is made at a distant foreign port. And in 1985, a regulation was introduced that allowed round trip cruises from a US port to visit other US ports as long as the ship stopped at a nearby foreign port (U.S. GAO, 2004).

Today, a foreign flagged vessel may transport passengers between two US ports, with a distant foreign port in between, and it can transport passengers between a number of US ports as long as a nearby foreign port is included in the itinerary. This is a critical reason why Canadian ports are included in cruises to Alaska’s Inside Passage and to cruises in the Northeastern U.S. – the Canadian port provides the foreign port. Unfortunately, the ports in British Columbia (as well as those in Nova Scotia and New Brunswick) don’t appear to realize that cruise ships stop in their ports because U.S. law requires it; if the law was repealed, cruise tourism would likely considerably contract or disappear.

Rather than recognize their value to the cruise industry – a ship avoids a \$ 300 fine by stopping in a BC port – ports in Canada continue to compete with and undercut each other, selling themselves cheaply and generating limited income. A study by Scarfe (2011) undertakes a comprehensive socio-environmental-economic analysis of cruise tourism in Victoria, BC – a port that anticipates receiving in 2012 229 ships with 475,000 passengers – and concludes that the socio-environmental costs of cruise ship activity, at its current levels, are at least as large as the local financial benefits. In other words, taking into account the environmental and health impacts of cruise ships (including people pollution), and the economic costs to infrastructure to accommodate cruise ships, the city of Victoria has a net loss.

## Concluding comment

The articles in this special issue provide a diverse picture of research in the area of cruise tourism. As stated at the beginning, different researchers take different approaches. The papers that follow generally take a non-critical look at cruise tourism, which is the dominant approach found in the literature. This introductory article ideally balances the perspective, but also provides some background and foundation to what is being discussed in the various articles. I join the authors whose papers appear with hopes that the reader will find the articles interesting and of use in their own learning and scholarly pursuits.

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Submitted: 02/02/2012

Accepted: 03/16/2012